



**Southern California Association of Governments**

## **Transportation Finance Task Force**

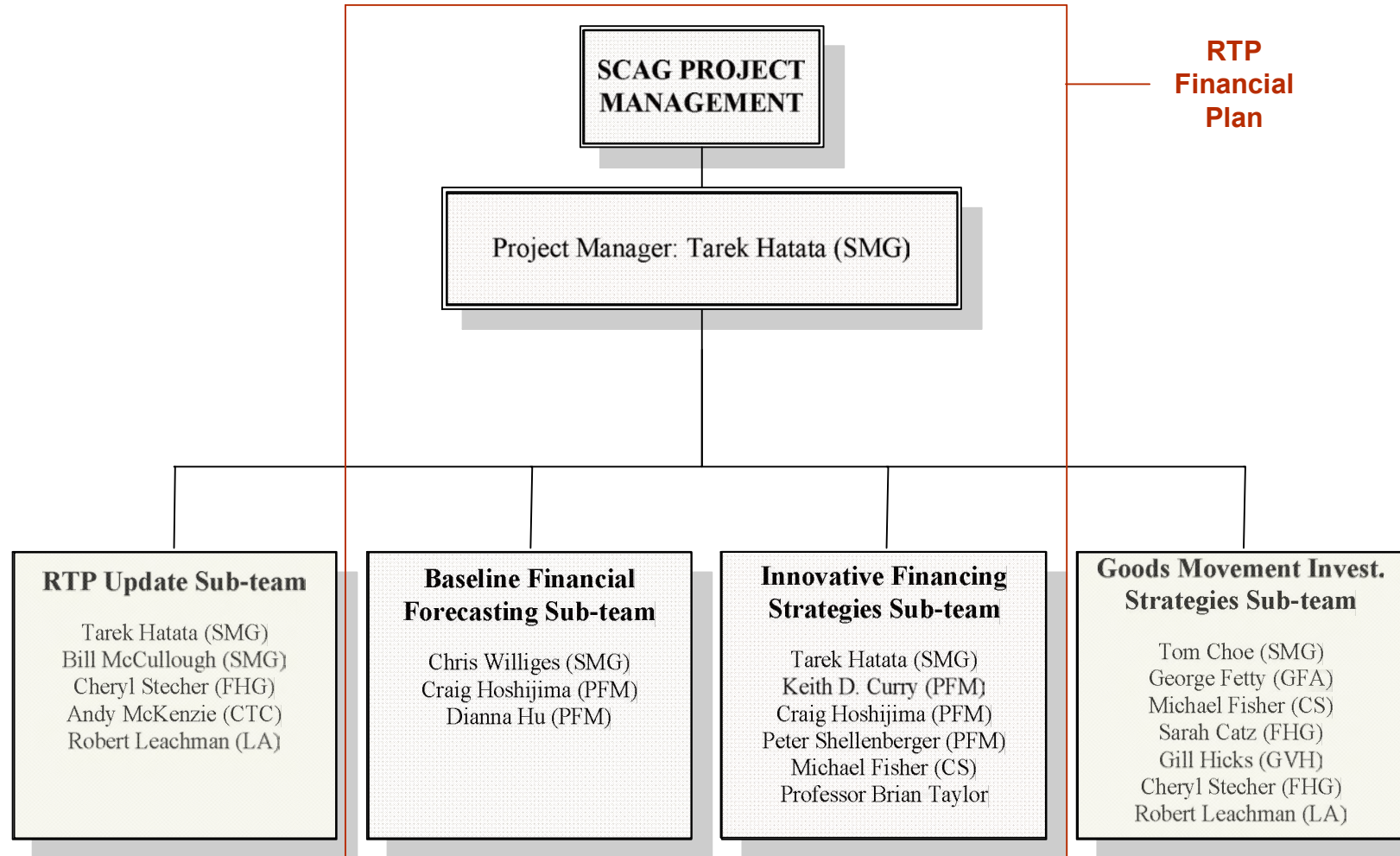
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**Proposed Work Plan  
and Schedule for the  
2007/2008 RTP  
Financial Plan Update**

**Los Angeles, CA  
March 30, 2006**

System Metrics Group, Inc.

## Regional Transportation Plan (RTP) Consulting Team



## **Roles for the RTP Financial Plan**

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➤ **System Metrics Group (SMG)**

- Chris Williges
- Oversee project, lead baseline financial model

➤ **Public Financial Management (PFM)**

- Craig Hoshijima
- Lead innovative financing strategies, help develop funding scenarios for baseline

➤ **Cambridge Systematics (CS)**

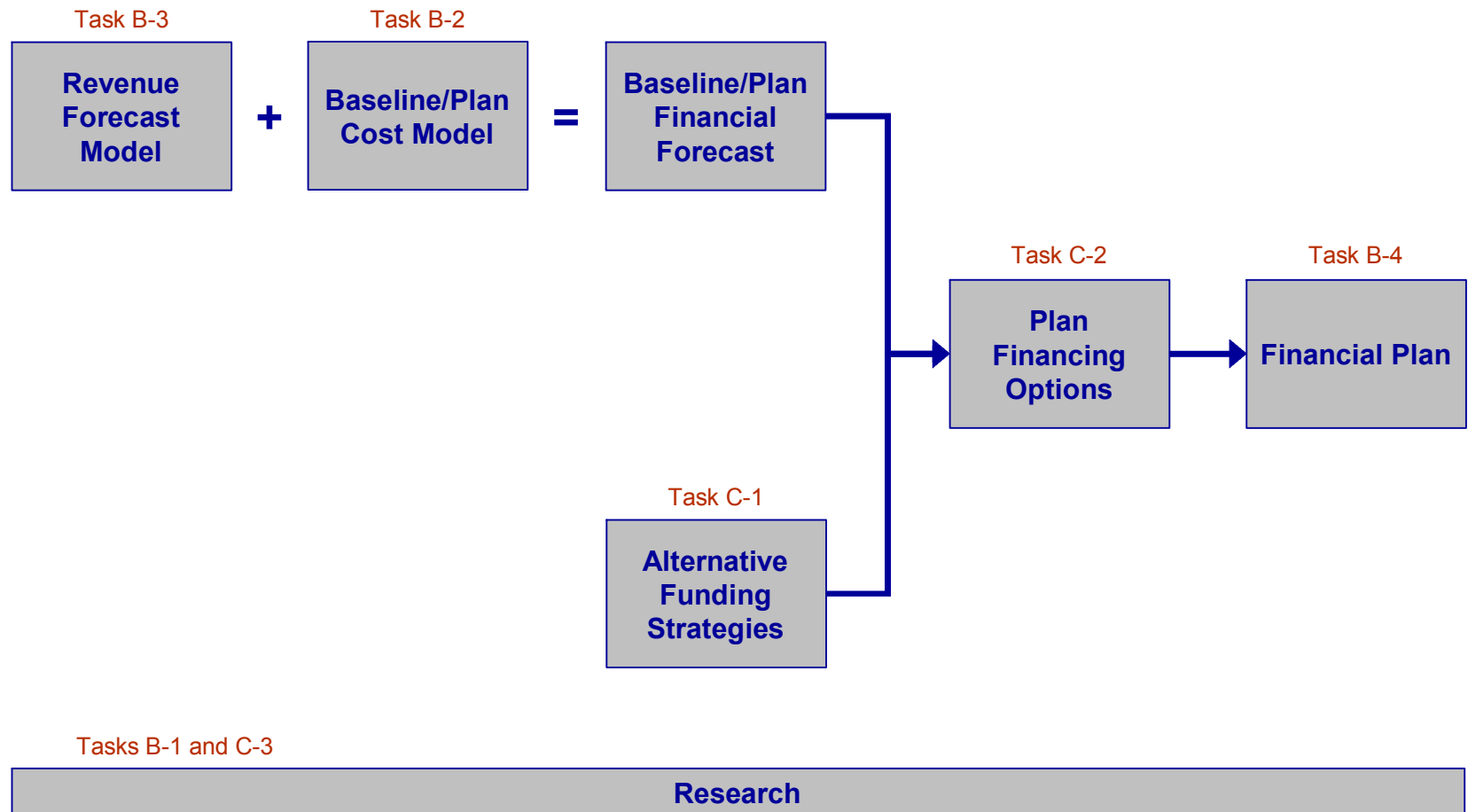
- Mike Fischer
- Provide input on innovative financing

➤ **Dr. Brian Taylor (UCLA)** – research policy issues, especially transportation pricing

## The consulting team is working on two components...

| COMPONENT                                 | COMPONENT TASK DESCRIPTION  | TASK DELIVERABLES  |
|---|---|--|
| <b>B: Baseline Financial Forecasting</b>  | B-1 Support SCAG staff in guiding Transportation Finance Task Force             | Written reports/presentations as directed by staff <b>Research</b>   |
|   | B-2 Develop regional cost model for RTP update                                  | Update Memoranda on cost model development<br>Preliminary & final cost models <b>Cost Model</b>  |
|   | B-3 Develop Baseline Financial Model for 2007 RTP                               | Periodic update reports/memoranda on status of financial plan as directed by staff <b>Rev. Model</b>   |
|   | B-4 Prepare & submit final financial plan report                                | Draft & Final RTP Financial Plan <b>Financial Plan</b>   |
| <b>C: Innovative Financing Strategies</b> | C-1 Review alternative funding strategies/revenue streams                       | Alternative Financing Options Report <b>Alt. Strategies</b>  |
|   | C-2 Recommend specific plan/optimal financing method & implementation framework | Draft & Final financing options/recommendations (separate goods movement reports)<br>Periodic update status memoranda<br>Presentations to task forces, committees & roundtables <b>Financing</b> |
|   | C-3 Serve as technical resource to staff on innovative financing related issues | Written reports/presentations as directed by staff <b>Research</b>   |

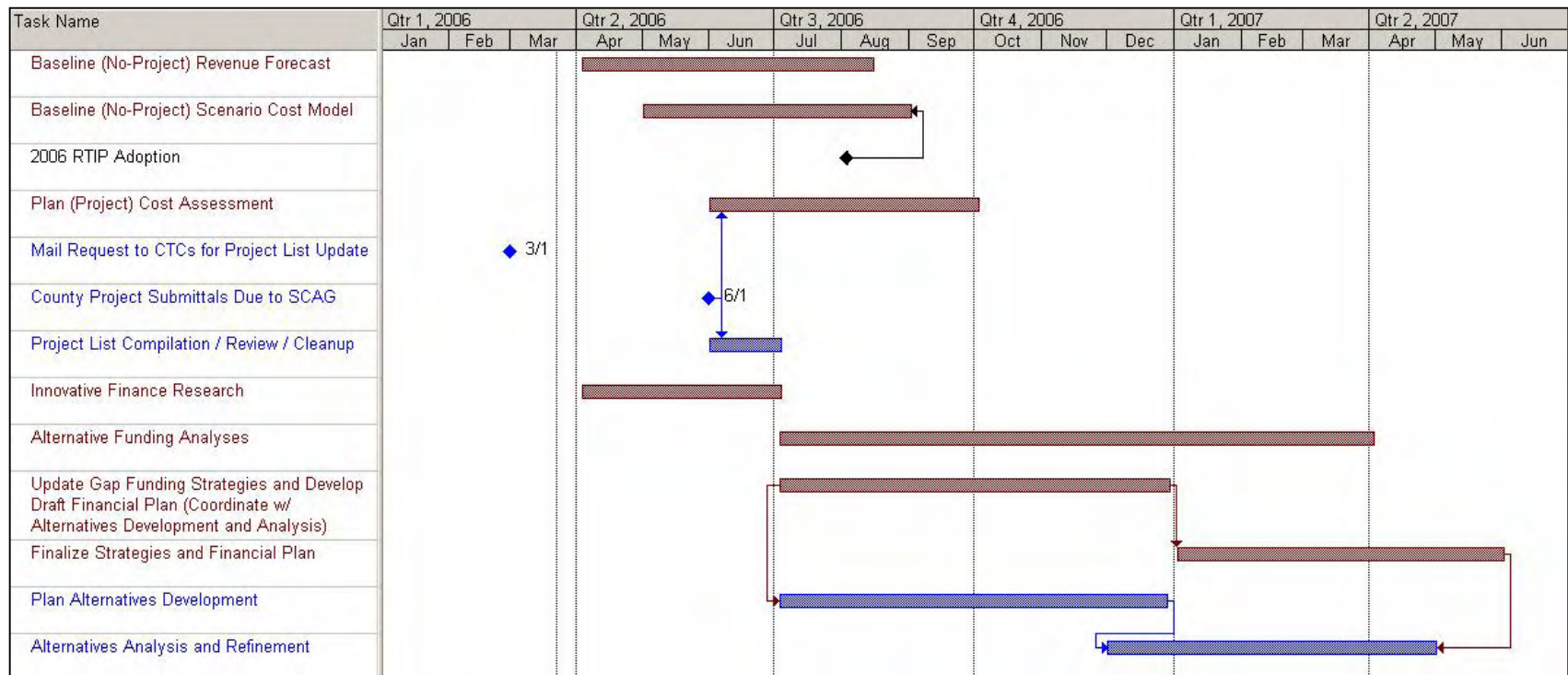
## ... Which will lead to the RTP Financial Plan



## Work Plan



# We intend to finalize the Financial Plan by Summer 2007



## Our work will be coordinated with alternatives development and analysis for the RTP

## Critical Activities and Milestones for Financial Plan

### Baseline Revenue Forecast

- Review of 2004 RTP Revenue Estimates
- Developments Since 2004 RTP Adoption
- Identification of Key Drivers by Revenue Source
- Evaluation of Economic Projection Sources
- Proposed Revenue Model Structure
- Proposed Scenarios for Federal and State Sources

### Baseline Cost Model and Plan Cost Assessment

- Review of Sources for Cost Estimates
- Discount Rate and Cost Escalation
- Discussions with County Commissions
- Identification of Baseline Versus Plan
- Preliminary Cost Model

### Alternative Funding/Innovative Finance

- Potential Innovating Financing Developments
- Alternative Financing Options

### Draft Financial Plan and Gap Funding Strategies

- Draft Financial Model with Preliminary Results
- Draft Innovative Financing Revenue Scenarios
- Draft RTP Financial Plan

### Finalize Strategies and Financial Plan

- Final Financial Model and Documentation
- Recommended Innovative Financing Scenario
- Final Financing Recommendations
- Final RTP Financial Plan

## Primary Efforts for This Fiscal Year

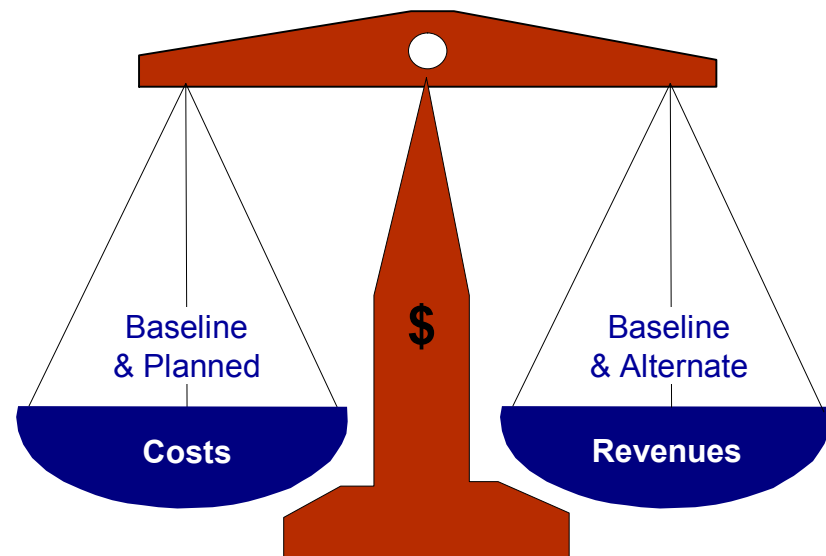
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- Review revenue sources (SMG)
- Propose revenue and cost model structure (SMG)
- Research policy issues (Dr. Taylor)
- Identify innovative financing developments and alternative options (PFM)
- Prepare goods movement financing strategies (PFM)

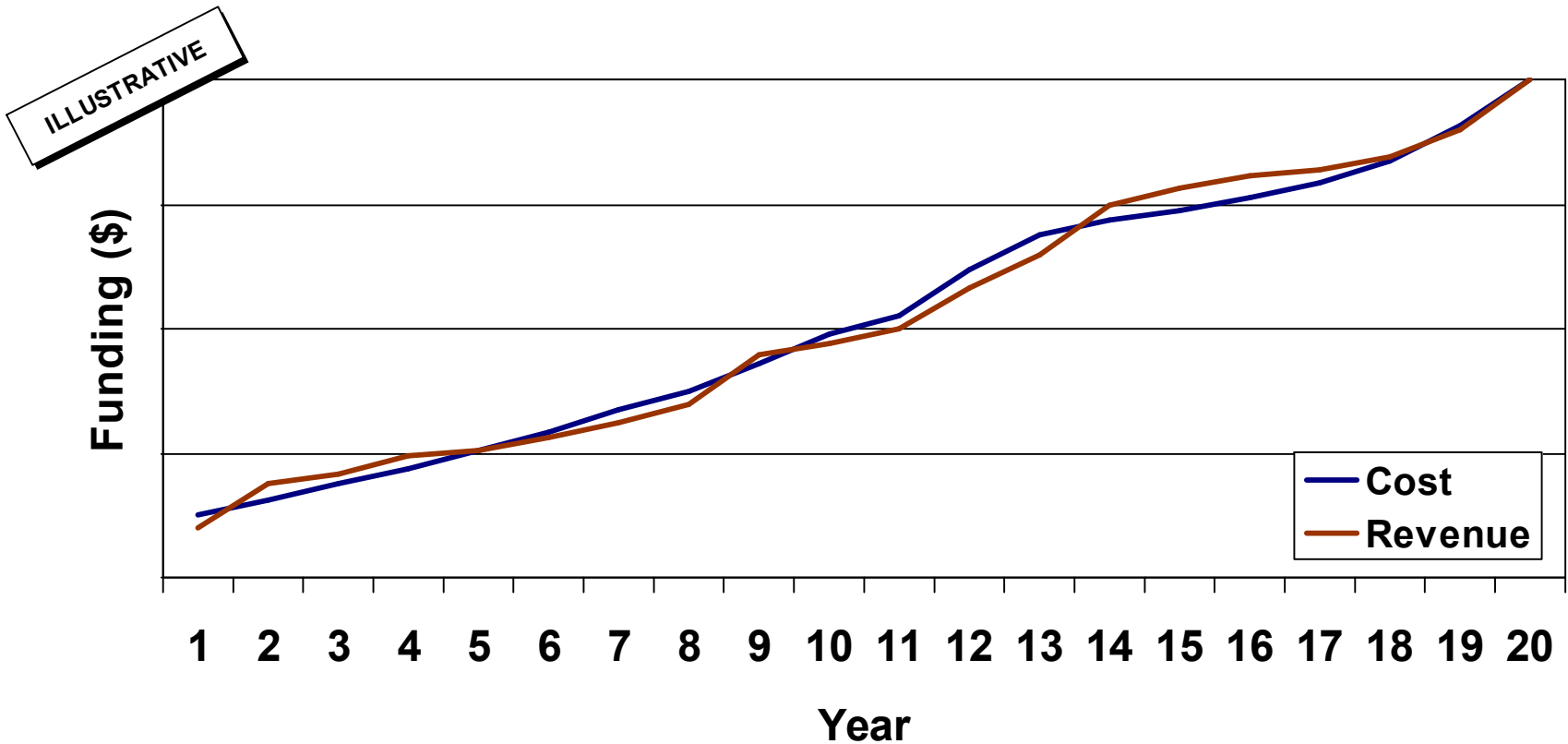


## Baseline Financial Forecast

- Provide a regional view of baseline transportation finances
- Support county and local estimates
- Work with county commission staff on assumptions
- Include two components:
  - Costs (project-based)
  - Revenues (source-based)



## Separate Forecasting of Costs and Revenues



- May result in slightly different annual estimates
- Need to be in “same dollars” (adjusted for inflation or not)

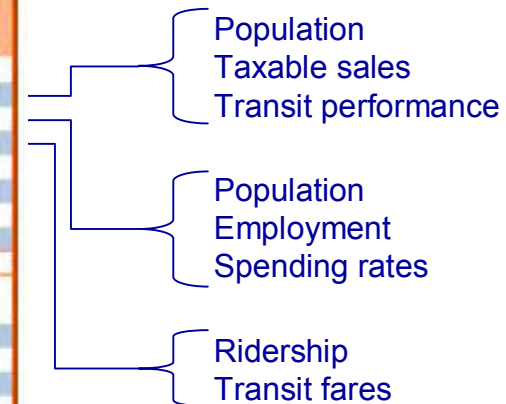
## Modeling

# We will start by identifying factors that influencing the revenue forecast



| Revenue Sources                      | Revenue Forecast<br>FY2002–FY2030<br>(in Billions) |
|--------------------------------------|--|
| <b>Local Sources</b>                 |  |
| Transportation Development Act (TDA) | \$17.38  |
| Local Sales Tax                      | 42.31  |
| Farebox                              | 14.16  |
| Gas Tax Subventions                  | 3.07   |
| Local Agency Funds                   | 8.74   |
| Miscellaneous Funds                  | 3.00   |
| Miscellaneous Carryover              | 1.97   |
| <b>Subtotal</b>                      | <b>\$90.63</b>                                     |
| <b>State Sources</b>                 |  |
| STIP, Regional                       | \$5.04   |
| STIP, Interregional                  | 1.49   |
| (TCRP)/Proposition 42                | 5.86   |
| State Transit Assistance (STA)       | 0.76   |
| TP&D (TCI)/Prop 116                  | 0.11   |
| SHOPP/O&M                            | 4.21   |
| Miscellaneous Carryover              | 0.09   |
| <b>Subtotal</b>                      | <b>\$17.56</b>                                     |
| <b>Federal Sources</b>               |  |
| RSTP                                 | \$2.15   |
| CMAQ                                 | 2.11   |
| Other/Demonstration                  | 2.16   |
| Sec. 5309                            | 1.47   |
| Sec. 5307                            | 3.86   |
| Miscellaneous Carryover              | 0.42   |
| <b>Subtotal</b>                      | <b>\$12.16</b>                                     |
| <b>Total</b>                         | <b>\$120.35</b>                                    |

Note: For explanations of terms, please see Glossary  
Numbers may not add up due to rounding



Source: 2004 SCAG Regional Transportation Plan (Table 2.6)

## **We also need to identify appropriate demographic and growth projections**

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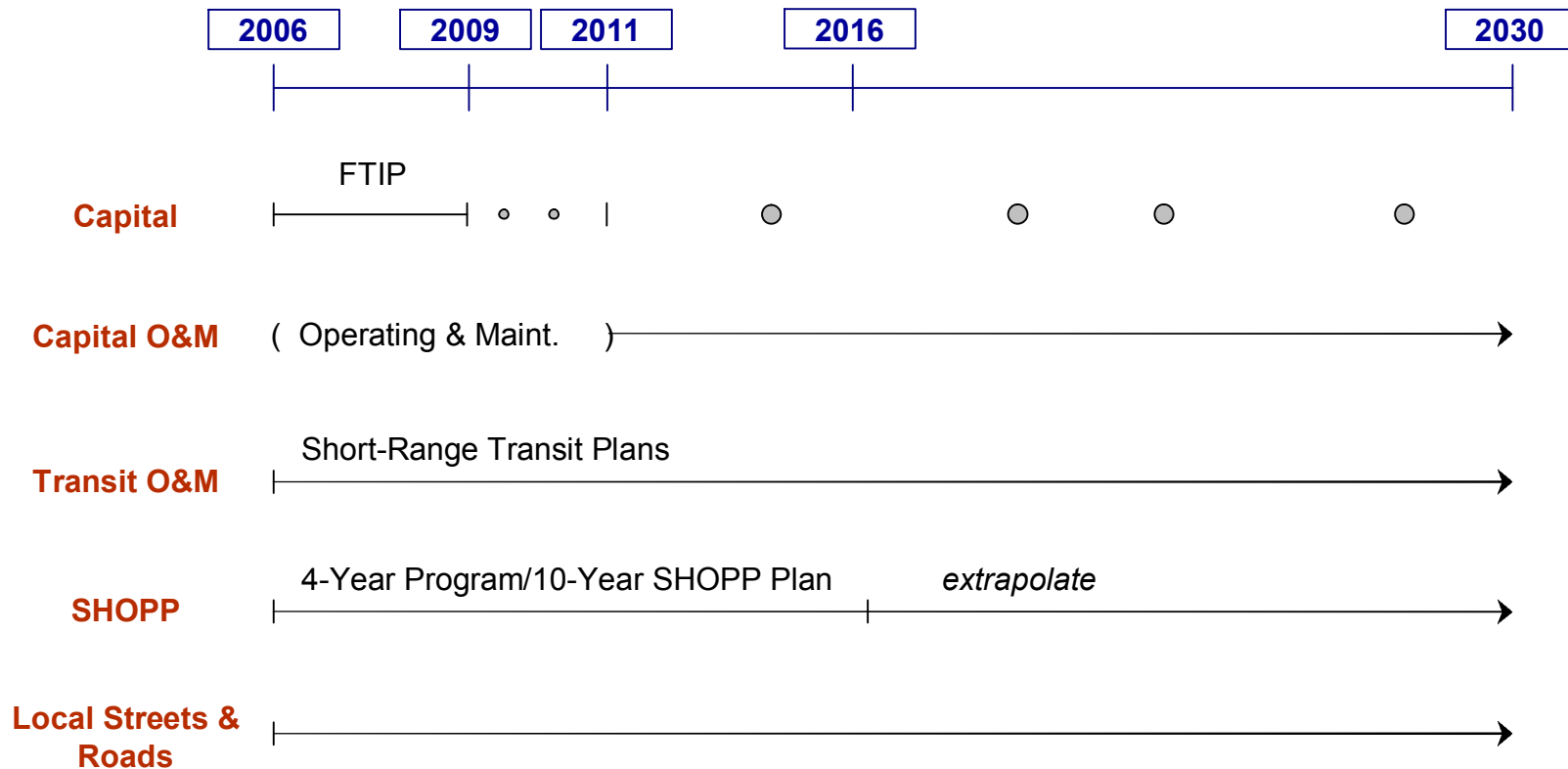
- UCLA Anderson Forecast for California
- Regional forecasts produced by CSU Fullerton and CSU Long Beach
- County Transportation Commissions' sales tax forecasts
- California Department of Finance population forecasts
- The California Transportation Commission's fund estimate for the State Transportation Improvement Program (STIP)
- California Motor Vehicle Stock, Travel and Fuel Forecast (MVSTAFF)
- Caltrans county-level socio-economic impacts

**Our projections should be consistent with the SCAG regional planning model and county projections**

## Modeling



**For the cost model and assessment, we need to identify baseline and planned projects**



**We may need to designate some projects (must-haves and future phases of existing projects) as “baseline +” or “Tier 2”**

## We anticipate several challenges in developing the cost model

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- Unable to identify full costs
- Difficult to estimate costs for future year phases
- Cost escalations
- Some categories are lump sums
- Fiscally constrained costs versus full needs
- A greater than 10 to 15 percent cost change means RTP and RTIP amendments

## Wrap-Up

# We need your input on potential policy issues to research (examples below)

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- Recent rise in steel and concrete costs – Is this a short-term blip?
- Alternative fuel penetration / fuel efficiency / ethanol
- Oil shortage
- Aging population (driving patterns, sales tax forecast)

## Contacts

|  |   |  |  |
|--|---|--|--|
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| <b>Public Financial Management (PFM)</b> | <p>Craig Hoshijima<br/><i>hoshijimac@pfm.com</i></p>  | <p>660 Newport Center Drive<br/>Suite 750<br/>Newport Beach, CA 92660<br/>Tel: (949) 721-9422<br/>Fax: (949) 721-9437</p>                              |  |
| <b>Cambridge Systematics (CS)</b>        | <p>Mike Fischer<br/><i>mfischer@camsys.com</i></p>  | <p>555 12th Street<br/>Suite 1600<br/>Oakland, CA 94607<br/>Tel: (510) 873-8700<br/>Fax: (510) 873-8701</p>  |  |
| <b>Dr. Brian Taylor (UCLA)</b>           | <p>Dr. Brian Taylor<br/><i>btaylor@ucla.edu</i></p>   | <p>2349 Prosser Avenue<br/>Los Angeles, CA 90064<br/>Tel: (310) 903-2403</p>   |  |